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An Intelligence Memorandum

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Information available as of 1 June 1982 has been used in the preparation of this report.

This paper has been prepared by
Office of East Asian Analysis. Comments and queries are welcome and may be addressed to the Chief, Southeast Asia Division, OEA,

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This paper has been coordinated with the Directorate of Operations and the National Intelligence Council

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The Burmese Communist Party: A Power in the Golden Triangle

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Summary

Today's Burmese Communist Party is unique among Southeast Asian Communist insurgencies.[1] It was formed entirely by the Chinese after then President Ne Win began to destroy the original Communist Party in central Burma. A large part of its early membership was Chinese — either army troops or ethnic groups living inside China. Since the reduction of Chinese support in the mid-1970s, it has depended almost entirely on illicit drug trade to finance its operations

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Despite likely challenges from rival "liberation" groups and potential strains from within over the huge amounts of revenue generated by the sale of opium, we believe the party will continue its steady expansion. Moreover, the party's size, strength, and the remote location of its base of operations will present nearly insurmountable problems for the US-supported antinarcotics programs in the region

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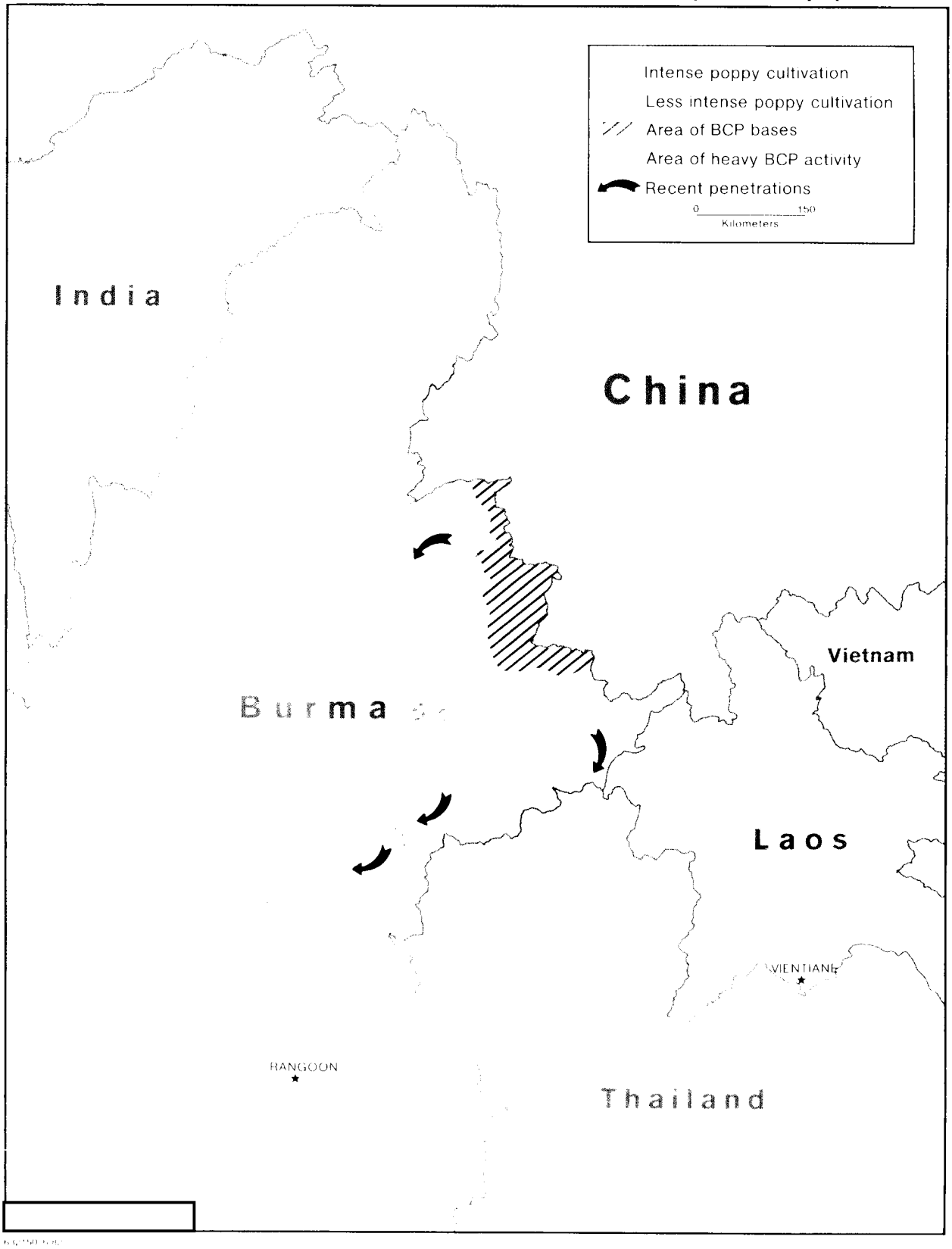
Figure 1
Golden Triangle: Opium Producing Areas and Burmese Communist Party (BCP) Deployment



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The Burmese Communist Party: A Power in the Golden Triangle (U)

Rebirth of the Party

While the bulk of the original Burmese Communist Party was being destroyed by the Burmese Army in the early 1970s, a newly formed party command was beginning to expand along the Chinese border. Established by the Chinese after the break in Burmese-Chinese relations in 1967, the new command consisted primarily of minority groups living in the border area and several hundred Chinese troops. [redacted] 25X

[redacted] 25X

[redacted] With Chinese 25X assistance, the party leadership organized the command into a six-brigade conventional military force and established administrative control over much of the remote territory in northeastern Burma. It also established a presence in central Shan State, and small groups set up shop in Kachin State and in western Burma. By 1975 the party had grown large enough to allow the Chinese troops to withdraw. [redacted] 25X

We believe the party's military arm now consists of 12,000 to 14,000 troops—still drawn largely from minority groups—and has the potential for substantial further growth. Party leaders acknowledge that they have been unable to attract support from the ethnic Burmans, who make up about three-fourths of the country's population. Nevertheless, the 8 million minority inhabitants of Burma, who resent ethnic Burman control of the government, constitute a sizable recruiting base for the Communists. [redacted] some who 25X support the Communists are seeking autonomy; others simply want the arms, food, and other goods the Communists willingly provide. [redacted] 25X

The Move Into Narcotics

As the Chinese began to cut back their aid to Southeast Asian insurgencies in the mid-1970s, the Burmese Communist Party was forced to look for additional means of support. [redacted] 25X

[redacted] 25X

[redacted] --jade smuggli..g and increased tax collections from hill 25X tribes are two examples—but the most important source of funds has been opium. By the mid-to-late 1970s, the party had started to encourage—and in some cases demand—poppy cultivation in areas under its domination.

[redacted] 25X

The party also established links to other Burmese liberation and trafficking organizations [redacted] it has provided arms to ethnic groups such as the Pa-o Shan State Nationalities Liberation Group and the Kachin Independence Army in exchange for agreements to conduct joint operations—operations that have helped the party expand control over its opium-producing regions. The Shan United Army (SUA), the Golden Triangle's largest drug trafficking organization, purchases the bulk of the party's opium, processes it in refineries along the Thai-Burmese border, and sells it on the international market. [redacted]

Today, through production in its own base area, purchases from allied groups, and regulation of opium caravans, the party exercises control over more than two-thirds of the opium flowing through the Golden Triangle. [redacted] the party collects revenues by taxing the shipment and sale of opium, and it controls the trade by establishing and managing cooperative stores. In an attempt both to increase the poppyfields under its control and to curry favor among opium farmers, the party also provides protection—for a price—against Rangoon's attempts at opium eradication. [redacted]

The Burmese Communists still receive most of their arms and ammunition from the Chinese, and trade in foodstuffs and consumer goods across the border is heavy. [redacted] the party is conscripting villagers to construct a new cross-border road to ease the delivery of military supplies. [redacted] the Chinese provide sanctuary and training for the party's troops in China, and the party's radio station, the "Voice of the People of Burma," is located on Chinese territory. [redacted]

The Chinese also benefit from the relationship. [redacted] several hundred Burmese Communists operate in Laos in support of Chinese-backed resistance groups; [redacted] the operations help pay for Chinese aid. [redacted] the Burmese Communists purchase consumer goods and industrial diamonds in Thailand and trade them to the Chinese for arms and ammunition. [redacted]

Increased Military Activity

The party has been slowly expanding its territorial control through guerrilla operations and occasional large, set-piece battles against the Burmese Army. [redacted] the local press indicates that the 1981-82 dry season brought

Figure 2
Burmese Communist Party Control Over Opium Flow

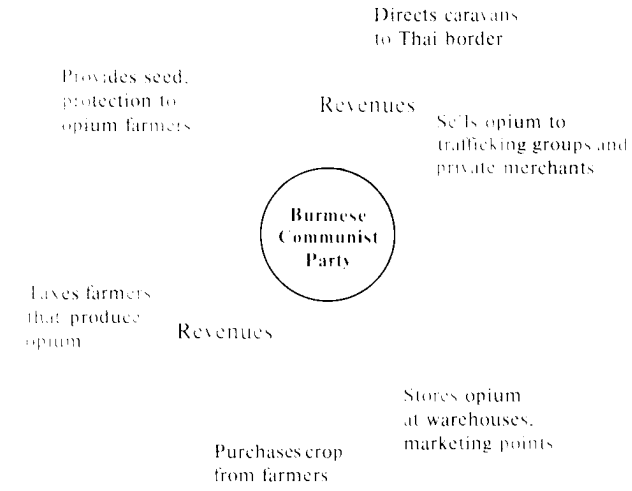
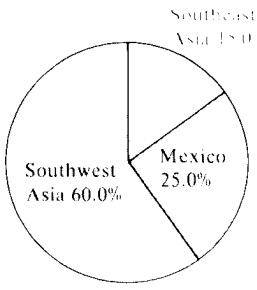
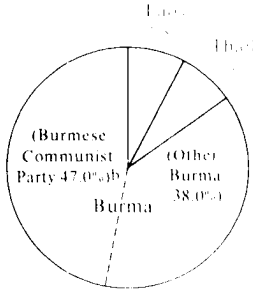


Figure 3
Southeast Asia's Role in World Opium Production and Distribution

World Heroin Reaching United States in 1980
4 Metric Tons[a]



Golden Triangle Raw Opium Production 1984
650 Metric Tons



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some major successes for the Burmese Communist Party. Late last year the party set up a regional command in Kayah State with an eye toward establishing a new smuggling route to the Thai border. More important, it has moved troops into the Pegu mountain range in central Burma. This latest move is a double threat to the government — a Communist presence there threatens communication between Rangoon and northern Burma and, because it is the first Communist movement into the Pegus since the elimination of the White Flags in 1975, it will be a major propaganda victory for the party. 25

Major government counterinsurgency campaigns in the past have checked Communist advances, but operations this year have been ineffective. the insurgents have ample 25
warning of government operations because of the Army's poor communications security; the Army frequently is unable to engage the Communists at all. Moreover, the government's weapons are inferior to those of the Communists, and logistics in the border area are poor. 25X
the use over the past few years of plastic antipersonnel 25X
landmines by insurgent groups has greatly increased government casualties and dampened Army morale. 25

Potential Challenges to the Party

The move into the narcotics business has not been without problems, some of which may affect party discipline. [redacted] party officials are allowed to sell narcotics for personal profit as long as they pay the required taxes. But the potential for enormous personal gain may eventually undermine the party's unity and its long-term goal of overthrowing the government in Rangoon. [redacted]

Rivalry among insurgent groups will grow as the party expands. [redacted] the party wants to increase its involvement in trafficking—now handled primarily by the SUA. Attempts to take over some of the SUA's operations will not only result in military clashes but may lead to the defection of party officials—such as the deputy commander—with SUA ties. [redacted]

We expect to see strains within the organization when the party's aging political leadership is replaced. Although we believe the bulk of the party and its leadership remain firmly pro-Chinese, the defection in 1980 of a Central Committee member over the party's China policy indicates that some differences exist. [redacted]

Implications of Continued Growth of the Party

In our view, the party should be able to contend with defections from its ranks and clashes with rival groups because of its strong military organization, its control over Burma's most productive poppyfields, and the weaknesses of the Burmese Army. As the party continues to grow, it will be a serious problem for the government. Rangoon will be forced to commit even greater resources to combat the insurgency—resources that are badly needed for economic development. Moreover, economic projects designed to wean the hill tribes away from opium production offer substantially lower profits for farmers and thus are unlikely to produce results. [redacted] the government has allocated funds for the purchase of new weapons, but this will have little impact on the counterinsurgency campaign as long as there are no fundamental improvements in the Burmese Army's intelligence, communications security, and logistic systems. [redacted]

Even though we believe the party cannot now overthrow the government, growing casualties and a seemingly endless campaign are already causing strains within the Army and the leadership. [redacted] 25
[redacted] some officers are complaining that their troops are 25
reluctant to fight and that there is growing sentiment for a negotiated solution. But, as during the last two attempts at negotiations, we believe Burmese Party Chairman Ne Win, who despite his retirement from the presidency, still makes all major policy decisions, is unlikely to make the compromises necessary to achieve a truce. [redacted] 25

Thai officials also express concern about the party's growth. Although the Thai have mounted a successful campaign against Thailand's Communist Party, these officials are worried that the two parties might cooperate in funneling Chinese aid to Thai insurgents. The movement of the Burmese Communists toward the Thai border and the occasional contacts between the two parties will heighten Bangkok's concern. We believe that cooperation between the two parties is a real possibility, but its impact over the short term will be negligible because of the weakened Thai Communist Party's inability to absorb increased aid even if China provided it. [redacted] 25

The US-supported antinarcotics programs in the region will be hindered as the party increases its control over opium production and attempts to develop its own trafficking apparatus. Over time, Washington probably will be asked by the Burmese for additional support in the form of aircraft, communication equipment, and perhaps weapons, as well as increased funds for poppy eradication and substitution programs. But the party's remote location, its powerful military arm, and its continuing close ties to China will make it virtually impossible to eliminate it from the narcotics trade. [redacted] 25

Appendix

Chronology of the Burmese Communist Party [redacted] 25X

1939	Founded in Rangoon.
1944	Joins the Anti-Fascist People's Freedom League, a nationalist coalition first resisting Japanese occupation, then seeking independence from Great Britain.
1946	Splits into two factions, the Red Flags and the White Flags. Both groups are expelled from the AFPFL.
1947	Burma achieves independence from Great Britain.
1953	The overseas branch of the party is formed in Beijing.
1963	Burmese President Ne Win calls for negotiations with all insurgent groups, including the party, but talks break down after four months.
1967	Burma and China withdraw their ambassadors following anti-Chinese riots in Rangoon.
1968	The Burmese Army overruns the headquarters of the White Flags in central Burma. China forms the party's Northeast Command along its border with Burma.
1970	The Red Flags, located in western Burma, are eliminated by the Burmese Army.
1970-73	The Northeast Command expands its area of control to encompass much of the northeastern portion of Shan State east of the Salween River.
1971	Burma and China renew full diplomatic relations. The "Voice of the People of Burma," the party's radio station, is established in China.
1975	The remnants of the White Flags are destroyed by the Burmese Army.
1980	Ne Win travels to China to discuss Chinese support to the party. He agrees to negotiate with the insurgents.
1981	Negotiations between the government and the party break down after four months.

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